



CALPEEK

CALIFORNIA POLITICAL WEEK

P.O. BOX 1468, BEVERLY HILLS, CA 90213 (310)659-0205 FAX(310)657-4340
Dick Rosengarten, Publisher E-Mail calpeek@aol.com

VOL. XXII
No. 17

APRIL 24, 2000

INSURANCE DONATIONS TO QUACKENBUSH AND HIS FOUNDATION HAS NEWS MEDIA IN FEEDING FRENZY.

Editor's note: There's an army of political reporters hot on the trail of a *Pulitzer Prize* --- and all the expense of Calif. Insurance Commissioner Chuck Quackenbush(R). Is this brouhaha a bunch of smoke and bad decisions by Mr. Q or is there something more serious? **Calpeek** and few others know for sure at this point, but one thing is certain: Mr. Q's political career has taken a severe hit. Here's our analysis and commentary -- as **Calpeek** attempts to put Mr. Q's self-made quagmire into political context...

...The mess Mr. Q is experiencing began Mar. 26th when Virginia Ellis of the *L.A. Times* broke a front-page story about the commissioner transferring \$175,000 from his political war chest to his wife, Chris, who had debts from a losing '98 State Senate campaign. Nothing illegal (as yet) about the transfer -- but most of the money Q collected in 1999 came from insurance companies, firms he's supposed to regulate. That started the news media feeding frenzy. The *Sacto BEE*'s Dan Smith and Amy Chance have had their shots too, as has Mark Gladstone of the *San Jose Mercury-News*...

...On top of this first story, there's the second mess for Q involving a non-profit group called the Calif. Research & Assistance Fund -- a foundation created by Q and funded by nearly \$12 million in *contributions from insurance companies*. These funds are in lieu paying huge fines (\$3 billion, plus \$233 million in restitution) for allegedly mishandling policyholder claims after the Northridge earthquake. Most think if there's a smoking gun, this is where it will be. The foundation is a 501-C-4, meaning the contributions aren't tax deductible, but they can be figured into the rates that insurance companies charge...

...Calif. Attorney General Bill Lockyer(D) is probing all the allegations, but right now his focus is on this one foundation which is supposed to be run by an independent BofD. Lockyer has issued subpoenas for the foundation's records...

...Making the situation even more shaky for Quackenbush is

the fact that one of his top aides, George Grays, resigned April 13th. Grays may end up as the fall guy in this mess, because his name keeps popping up in all these various news stories about the foundation and the \$3 million in tv PSAs which were funded by foundation money and produced by Q's political team (consultant Joe Shumate, tv guru Don Sipple and media buyer David Bienstock). And it was Mr. Q who was on camera for these spots --- which some say looked more like political ads than PSAs...

...Politically, Quackenbush is damaged goods and the odds of him running for any other office successfully, regardless of the outcome of this current mess, are *remote*. It has been rumored he might like to run for State Controller in 2002...

...This isn't the first time Quackenbush has run into trouble. In 1997, Q was fined \$50,000 for failing to disclose contributions to his 1st campaign for IC in '94. And because it was the *perception* that he was beholden to the very industry he was supposed to regulate, one might have thought the Demos would have been able to recruit a solid contender to run against Q in '98. Instead, the field was narrowed to Demo Assemblywoman Diane Martinez, who couldn't win a popularity contest against Q in her own caucus. And Quackenbush won reelection. Stay tuned...

CAMPAIGN 2000: 49TH CD -- BILBRAY VS. DAVIS.

Editor's note: Here is another in our series of reports about the key Calif. U.S. House races. This week we'll focus on San Diego as 3-term incumbent U.S. Rep. Brian Bilbray(R) seeks a 4th term against Assemblywoman Susan Davis(D). Here's our update & analysis...

...Bilbray is a former surfer who became mayor of Imperial Beach and then won a seat on the San Diego Co. Board of Supes. In the big GOP takeover of '94, Bilbray ousted freshman Congresswoman Lynn Schenk(D), now chief of staff to Gov. Gray Davis. And Bilbray successfully turned back stiff challenges in both '96 (Peter Navarro) and '98 (Councilwoman Christine Kehoe). In '98, Bilbray won with only 49%. Thus the 49th is a *swing* CD and presents a tough fight no matter which party holds the seat. The registration

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is 38.7% (D) vs. 37.1%(R), with 24.2% independents...

...But in Susan Davis, Bilbray faces his toughest challenge yet. Davis is a former San Diego School Board member, who was elected to the Assembly in '94. Oddly enough, it was Bilbray campaign consultant Tom Shepard who ran Davis' first school board race. He's still fond of Davis, but wonders whether she has the *fire & passion* to wage a tough campaign. That remains to be seen, because she's never had a tough battle. But Davis is a solid fundraiser and raised \$490,950 vs. \$501,258 for Bilbray (through the primary). Davis has a 94% rating from the AFL-CIO, 100% from the League of Conservation Voters and 100% from Planned Parenthood. She was named 1999 Legislator of the Year by the League of Middle Schools and has been given that same honor twice by the CA School Boards Assn. Much of her legislative effort has been focused on schools. FYI: one of Davis' bills, AB 1368, which was vetoed, drew lots of controversy because it would have funded school medical clinics. Abortion opponents said Davis' bill would allow schools to provide contraceptives to children without parental consent...

...Bilbray is a moderate GOPer. He started out as an A on the NRA scorecard --- now he's an F (meaning he gets it in terms of new gun control laws). He's a good vote on education and voted correctly on HMO reform. In terms of abortion, he voted for the ban on partial birth abortion, but is generally considered pro-choice. But he does have a few problems. Bilbray voted for impeachment and his numbers went in the tank. And he's been inconsistent on campaign finance reform. Another problem: according to Davis' campaign, Bilbray has missed more House floor votes than nearly every other healthy member of Congress...

...Many DC sources rate the contest as *lean GOP*, but Calpeek sources sees this race as a toss up. President Bill Clinton took the 49th CD in both '92 and '96; Boxer carried it in '98, as did Gov. Gray Davis(D). In '98, Davis got 12,000 more votes than Bilbray in her 76th AD area. In the primary, Bilbray got 78,865 vs. 71,005 for Davis...

...FYI: Bilbray's campaign team: Campaign Strategies (Tom Shepard) is the lead consultant; the Terrance Group handles polling; and Chris Mottola handles TV. Davis' campaign team: Lisa Sherman is daily mgr.; Shorr & Assoc. handles tv; Staton Hughes handles mail; LGD Insight will do polling. The unofficial Davis advisor is Bill Cavala, who works for the Assembly Democrats. Stay tuned...

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NEW L.A. TIMES POLL SHOWS HAHN & WACHS IN 1ST TIER IN BATTLE TO SUCCEED RIORDAN AS MAYOR.

Editor's note: Yes folks, the race to become mayor of the 2nd largest city in the U.S. is still a year off, but the interest in this race amongst L.A. city hall types and all political insiders is very intense. Here's our first report and update, using some new polling data...

...So far there are only five serious contenders to replace L.A. Mayor Richard Riordan, with two others still looking things over. Here's the list: L.A. City Atty. Jim Hahn, L.A. City Councilman Joel Wachs, U.S. Rep. Xavier Becerra(D), Assemblyman Antonio Villaraigosa and L.A. City Comm./businessman Steve Soboroff. Still looking things over are CA Controller Kathleen Connell(D) and L.A. Co. Sup. Zev Yaroslavsky. Yaroslavsky remains mute about running, but many sources tell Calpeek that Connell will run...

...Here's the way the new L.A. Times poll looks (Mar. 29-April 5, 896 registered L.A. City voters). Sources say no ballot titles were used. Two basic questions were asked: 1) who would you like to see win and 2) who would you be inclined to vote for?...

	<u>#1</u>	<u>#2</u>
Hahn	16%	23%
Wachs	14%	23%
Villaraigosa	11%	15%
Becerra	10%	10%
Connell	9%	15%
Yaroslavsky	9%	26%
Soboroff	1%	5%
Other	1%	
Don't know	29%	

...Now here's what's interesting. This isn't the only poll that's floating around. Sources say Connell has taken a poll too (The Feldman Group). It shows the following: Hahn 25%, Wachs 21%, Connell 14%, Villaraigosa 11%, Becerra and Yaroslavsky 9% each, with Soboroff at 2-3%. Key difference in this poll and the LAT survey is that Connell's poll used ballot titles...

...The L.A. Times poll is considered to be good news for both Becerra and Villaraigosa. But at the same time insiders wonder whether these two will *kill each other off*. The same is somewhat true for Wachs and Soboroff -- battling for the Westside/Valley & Jewish vote, although Soboroff is almost totally unknown. Most sources say Soboroff has only one thing going for him: Riordan --- and that's a major card, but it's also true Soboroff is going to have to buy his name ID via TV...

...FYI: Becerra is in the race to stay – efforts to get him to jump to the City Attorney's race will be unsuccessful. His campaign team is almost in place. He's hired Laguens, Hamberger & Stone as tv/media consultants; Richard Schlackman of Crounse Malchow & Schlackman will handle mail; and Garin Hart Yang will do polling. Stay tuned...

CAMPAIGN 2000: L.A. CO. DA GIL GARCETTI TRAILS RIVAL STEVE COOLEY IN NEW L.A. TIMES SURVEY.

Editor's note: The timing of this new L.A. Times poll could not have been worse for incumbent L.A. County DA Gil Garcetti: right in the midst of the L.A.P.D.'s big Ramparts Division police scandal. Here's our update & analysis, as Garcetti seeks a 3rd term as DA on Nov. 7th...

...The poll numbers first: Mar. 29-April 5, 1,630 registered county voters. Note: these are not likely voters – and that makes a big difference. Garcetti **18%** vs. Chief Dep. DA Steve Cooley **55%**, with 1% for other and **26%** undecided. Sources in the Garcetti camp say they'll conduct their own poll at the end of the month. Does this new poll mean that Garcetti is *political toast*? Four years ago, Calpeek thought Garcetti was finished, but he came back to win a 2nd term. But certainly these new numbers are **not** good news...

...In addition to the 1-on-1 match, the poll also showed that **46%** of Demos disapprove of the way Garcetti is handling his job. 53% of independents and 60% of GOP voters agree. The thing that has to be troubling to the Garcetti campaign is that L.A. Co. has a Demo voter registration advantage – and if the Demo base is *unhappy* with the DA's performance, then there really is a cause for alarm. In the primary, Cooley finished ahead of Garcetti by a 38% vs. 37% margin, with attorney Barry Groveman getting nearly 25%...

...If there's any one specific reason cited in the L.A. Times poll for the discontent with Garcetti, it's the Rampart scandal – and Garcetti's handling of this huge disaster for L.A. City. **50%** of those polled say Garcetti's acted irresponsibly in his handling of the probe (vs. **24%** of who say he acted correctly). The guy who gets off the hook in the scandal is LAPD Chief Bernie Parks. **54%** say the chief acted responsibly...

...FYI: Garcetti has finally rounded out his reelection team. Bill Carrick is the lead/tv media consultant; Eric Nasarenko is the daily mgr.; Fairbank, Maslin, Maullin handle polling; the CTSG Group from Berkeley handle op research; and Charlotte Dobbs is in charge of fundraising. The Garcetti HQ ☎ (310)313-2047. Stay tuned...

CAMPAIGN 2000: CALIFORNIA INITIATIVE UPDATE.

Editor's note: Here's an update on some of the hot initiative measures trying to qualify for the Nov. 7th ballot...

◆ *Son of Prop. 26* – Believe it or not, within 12 days the AG's office cleared this initiative which is a rerun of Prop. 26. The key difference: Prop. 26 required a 50% vote to approve local school bonds, while Son of 26 requires a **55%** vote. No sooner had the new measure received title & summary than the Howard Jarvis Taxpayers Assn. (HJTA) filed a lawsuit challenging the title & summary as *misleading*. According to an HJTA news release, the word *voter* has been eliminated – and that's key to understanding the initiative. The YES on Son of 26 – now going by the name of Tax-payers for Accountability & Better Schools, says the lawsuit is "meritless and frivolous" and is a *delaying tactic*...

...There's a hearing on this lawsuit on April 24 in a Sacto Co. Superior Court. If the judge agrees with the HJTA, it could cause TABS to reprint all their petitions and to toss out all those names collected so far. They have to turn in 1.1 million signatures by early-May in order to have any shot at qualifying for the Nov. 7th ballot. Sources believe TABS is paying about \$1.75 per/signature on the street. And TABS has launched a TV blitz to make voters aware of the petition drive. Mixed views from our sources on the odds of qualification, some of whom rate it *no better* than **40%**. Key problem: *not enough time*. Arno Political Consultants is handling the petitions, while Goddard-Claussen is in charge of the tv campaign...

● *Turn In Time* – The competitive bidding initiative has already qualified and sources say only **4-5** other initiatives out of about 40 which have been cleared to collect signatures will make the fall ballot. Here's the list of initiatives and the names of petition consultants: 1) vouchers – Progressive Campaigns & Nat'l Petition Mgt. – to be turned in after Calpeek's deadline; 2) drug rehab – Progressive Campaigns – to be turned in after Calpeek's deadline; 3) Sinclair Paint (new definition of fees) – Arno Political Consultants – turned in after Calpeek's deadline; 4) CTA's school spending initiative – Kimball Petition Mgt. – to be turned in between April 21-28. Stay tuned...

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CAMPAIGN 2000: ASSEMBLY DEMOCRATS HAVE A PRO-BUSINESS PAC WHICH HAS POLITICAL CLOUT.

Editor's note: There has not been much attention focused on the Democratic Business PAC, but the fact that it is thriving in the State Assembly may surprise some. This PAC is composed of pro-business Demo assemblymembers who vote a moderate line and are *simpatico* with Gov. Gray Davis(D) on many issues. Here's our brief report...

...Of the 46 Demos in the Assembly right now, 12 are active members of the Democratic Business PAC (and caucus). This group includes Elaine Alquist, Tom Calderon, Dennis Cardoza, Lou Correa, John Dutra, Dean Flores, Kerry Mazzone, George Nakano, Lou Papan, Helen Thomson, Ed Vincent and Rod Wright. Mike Machado and Jack Scott were members, but dropped out this year because they are running for the State Senate. So is Vincent, but he decided to stay. The key *ex-officio member* of the group is Speaker-designate Bob Hertzberg, who was a founder of this PAC...

...The PAC is united by policy, nothing else. For the most part, these Democrats are pro-labor, but believe in strong economic growth & jobs and being *fair* to the business community. As such, the PAC is not on the greatest of terms with some groups traditionally associated with the Demos (trial lawyers). The PAC's contributions come from non-traditional Demo sources – the business community. The PAC's political consultant is David Townsend, who also serves as treasurer...

...In terms of political clout, of the 12 current members, 10 are seeking reelection. Correa, Flores and Nakano may have tough races, but for now they are favored over their GOP challengers. But waiting in the wings are at least five potential new members. These are Demos who should not have a problem Nov. 7th because they are from safe Demo ADs. They include Contra Costa Co. Sup. Joe Canciamilla, Alameda Co. Sup. Wilma Chen, San Mateo Co. Sup. Joe Simitian, Ed Chevez and Joe Nation...

...Four other potential PAC members have tough races in the fall. They include Rebecca Cohn in the 24th AD (vs. Sue Jackson); Carol Liu in the 44th AD (vs. Susan Carpenter-McMillan); Dario Frommer in the 43rd AD (vs. Craig Missakian); and Barbara Mathews in the 17th AD (vs. Greg Agazarian). In the primary, the Democratic Business PAC contributed \$120,000 in 3 or 4 primaries and will at least match or exceed that amount in the fall. Obviously, these last 4 races are the ones which are the most competitive. Of these 4, Liu is considered a favorite, but the others are toss ups. Stay tuned...

CALPEEK'S NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook...

- Kathleen Patrick has been named Finance Director of the CA Republican Party(CRP). She had been president of McKenzie Dior, an L.A.-based consulting firm...

- Well known Sacto attorney Ben Davidian has become a partner in the Sacto/L.A. law firm headed by Chuck Bell, Colleen McAndrews & Tom Hiltachk. He is a former chair of the FPPC. The firm will be known as Bell, McAndrews, Hiltachk & Davidian, LLP...

- Alan Ziegaus, who recently departed the PR firm he founded (Stoorza, Ziegaus & Metzger), has joined his son-in-law, Chris Wahl, to form Southwest Strategies, based in San Diego. (858)597-7555...

- James A. Kealey has become an associate of the Sacto law firm of Olson, Hagel, Waters & Fishburn. He'll join the firm's social security unit...

- Out: embattled Caltrans director Jose Medina, former S.F. Co. Supervisor. IN: Jeff Morales, 40, an exec. vp with the Chicago Transit Authority...

- Teresa Schilling departing as spokesperson for the CA League of Conservation Voters to become program director for the CA office of Environmental Media Services...

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